

ANNUAL REPORT  
PUBLIC SERVICE COMMISSION  
JULY 1, 1945 - JUNE 30, 1946

REPORT OF  
THE STATE OF MISSOURI  
P U B L I C   S E R V I C E   C O M M I S S I O N

TO

HIS EXCELLENCY, PHIL M. DONNELLY,  
GOVERNOR OF MISSOURI

JULY 1, 1945 - JUNE 30, 1946

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STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

Jefferson City,  
Missouri  
January 13, 1947.

Honorable Phil M. Donnelly  
Governor of Missouri

Dear Governor:

Pursuant to Section 5594, R. S. Mo., 1939, we have the honor to submit herewith the Annual Report of the Public Service Commission of the State of Missouri, which said report contains a full and complete account of its transactions and proceedings for the period beginning July 1, 1945, and ending June 30, 1946.

Respectfully submitted,

(Signed) By Morris E. Osburn  
Chairman

(Signed) Agnes Mae Wilson  
Commissioner

(Signed) E. L. McClintock  
Commissioner

(Signed) C. L. Henson  
Commissioner

(Signed) Kyle D. Williams  
Commissioner

We especially call to the attention of the Governor for the benefit of the General Assembly a situation that has arisen since the enactment of Articles 1 and 2 of Chapter 35 of Missouri Revised Statutes of 1939. These Articles are the laws which provide for the regulation of railroads, street railroads and common carriers other than motor carriers.

We refer in particular to that part of these laws which places street railroads under the jurisdiction of the Commission. During the past fifteen years or more the transportation systems in the cities of Missouri have been changing over from rails to motor buses. In some cities like Jefferson City, St. Joseph and others, the transition has been completed. In St. Louis and Kansas City buses are gradually being substituted for street cars although the street cars still constitute a major portion of the transportation systems in those cities.

The Supreme Court of Missouri has held (*State ex rel People's Motor Bus Company v. Public Service Commission*, 34 S.W. 2d 486) that the existing Public Service Commission Laws do not provide the Commission with jurisdiction over urban buses. The resulting situation is the Commission has jurisdiction to regulate a part of a city transportation system and no jurisdiction to regulate another part of the same system although the entire system is owned and operated by one corporation. This is not conducive for effective regulation but on the contrary leads to confusion. If there be

~~need for regulation of a transportation system in a city then the~~

regulation should be complete so as to cover the entire system.

On the other hand, if no regulation is needed for a part of such a transportation system then it seems logical to say that the entire

system should be removed from Commission regulation.

Another situation exists where a possible amendment of the Bus and Truck Act appears to be in order. We refer to that part of Section 5724, R. S. Mo. 1939, which provides that when an application is filed for a certificate of convenience and necessity " \* \* \* a copy of such petition and notice of hearing thereon to be served at least ten days before the hearing upon the officers or owners of every common carrier that is operating or has applied for a certificate of convenience and necessity to operate in the territory proposed to be served by the applicant, and on the city clerk of any city into or through which said motor carrier may desire to operate, and any such common carrier or city is hereby declared to be an interested party to said proceeding and may offer testimony for or against the granting of such certificate, and any other person or persons who might in the opinion of the Commission, be properly interested in or affected by the issuance of said certificate, be by the Commission made a party, and may offer testimony for or against the granting of such certificate."

In cases of applications for irregular route state-wide motor carrier authority, such as is often applied for by household goods movers who wish to serve any place in the State where they may be called, the giving of the notice of hearing in compliance with the above quoted provision requires sending a copy of the petition and the notice to every incorporated city and town in the whole State, as well as every motor carrier, railroad or other common carrier operating in Missouri. To do this requires 1200 copies of the petition and notice of hearing to be mailed. It is a most cumbersome and expensive procedure and experience has shown that a vast

majority of the copies mailed go into the wastebasket.

In the cases of applications for regular route authority this requirement for notice of hearing is not too burdensome but in cases of irregular route authority some amendment is suggested. It might be that the case of State ex rel Pitcairn vs. Public Service Commission, 92 S. W. 2d 881; 106 S. W. 2d 902; would throw some light upon this matter.

## LEGAL DEPARTMENT

Since the last annual report for the period ending November 30, 1945, the work of the General Counsel and his staff has been carried on with customary dispatch, and in general has followed the established pattern. The usual routine of conferring with the Commission and the members of its staff and advising them concerning the numerous legal problems that arise almost daily does not admit of detailed description. The statutory mandate that Counsel advise and give opinions to the general public as to their rights under the Public Service Commission Act, and the legal methods and procedure for obtaining same, has been carried out and Counsel and his staff have advised with many individuals or their attorneys as well as municipal and other officials and given them opinions. They have also cooperated with the other agencies and departments of the state and advised with the legislature and various of its committees, concerning legislation to fit the new constitution, where such legislation may be related to the Public Service Commission and these utilities under its jurisdiction. The Counsel's office prepared for the 63rd General Assembly Senate Bill No. 460, which is designed to bring an escheat to the State of Missouri of unclaimed funds impounded by the courts in rate litigation, particularly in rate cases originating before the Federal Power Commission, where the impoundment is in a United States court. This Bill was introduced March 12, 1946 and was perfected June 5, 1946 and sent to the House for its action.

The Counsel has cooperated with the Highway Patrol in instructing the Patrol members as to the Public Service Commission laws and the enforcement thereof, particularly the Bus and Truck Act, having lectured on this subject to the members of the Patrol at the Patrol's

annual school of instruction. It has frequently been necessary to advise with the Highway Patrol, especially concerning questions that have arisen because of the reciprocity contracts or agreements with other states regarding the license fees of motor carriers operating in interstate commerce. Numerous questions have arisen concerning operations under such contracts which have required interpretations of the contracts by the Legal Department. The Department also devoted considerable time to the making of new contracts with other states in addition to those mentioned in previous reports. In all, reciprocity contracts are now in effect with 19 states. Such contracts are the subject of further studies looking to possible revisions and additional contracts with other states.

In accordance with the statutes, the General Counsel and his staff have, during the period of this report, represented the public in all rate and valuation cases at hearing before the Commission.

The Counsel and his staff have represented the Commission in conferences with and hearings before some of the federal commissions, such as the Interstate Commerce Commission, the Federal Power Commission, and the Securities and Exchange Commission, and have also represented the Commission in all litigation wherein the Commission was a party in the Courts. The following is a brief summary of what has transpired in that activity during the past year.

#### Circuit Court Cases

STATE EX REL DELMAR DAIL, STATE LEGISLATIVE REPRESENTATIVE OF THE BROTHERHOOD OF RAILROAD TRAINMEN VS. PUBLIC SERVICE COMMISSION  
(Commission Case No. 10,623; Circuit Court No. 10,560)

This case arose out of an application filed on March 28, 1945 by the Kansas City Terminal Railway Company for an order authorizing

and approving the maintenance and operation of a canopy with less than standard clearance over the mail conveyor and platform between two tracks at the Kansas City Union Station. The case was heard by the Commission on April 30, 1945, at which time the Brotherhood of Railroad Trainmen intervened and protested against the granting of the application. On July 20, 1945 the Commission issued its Report and Order granting the application, after which the Brotherhood of Railroad Trainmen filed its motion for rehearing which was overruled by the Commission on August 2, 1945. The protestant prosecuted certiorari and the Commission's return was filed October 16, 1945. On March 26, 1946, the cause was argued in the Circuit Court of Cole County and taken under advisement. Thereafter on April 20, 1946, the Circuit Court rendered its judgment affirming the Report and Order of the Commission. Thereafter on April 26, 1946, the Brotherhood of Railroad Trainmen filed in the Circuit Court its Notice of Appeal to the Kansas City Court of Appeals where, as of June 30, 1946, the cause was pending but not yet submitted to that Court.

STATE EX REL WILLIE WALLEN AND DIXIE GREYHOUND LINES, INC. VS.  
PUBLIC SERVICE COMMISSION OF MISSOURI (Commission Case No. B-9139;  
Circuit Court No. 10,608)

This case arose out of an application of the Schulte Transportation Company for additional authority to operate as a passenger carrying motor carrier over a regular route. The case was heard by the Commission on July 6, 1943, at which time Willie Wallen and Dixie Greyhound Lines, Inc., appeared as protestants. On August 21, 1945, the Commission issued its Report and Order granting the application and on September 5, 1945, protestants filed their application for rehearing which was overruled by the Commission on September 13, 1945. Protestants named prosecuted certiorari and the Commission's

return was filed in the Circuit Court of Cole County on November 2, 1945. On April 29, 1946, this cause was argued before the Circuit Court and taken under advisement where it was still held under advisement as of June 30, 1946.

STATE EX REL ORSCHELN BROS. TRUCK LINES, INC., AND HANNIBAL-QUINCY TRUCK LINES, INC., VS. PUBLIC SERVICE COMMISSION (Commission Case No. T-9212-X; Circuit Court No. 10665)

This case arose out of an application filed September 12, 1945, by Carl R. Trump for a contract hauler's permit. The case was heard by the Commission on October 16, 1945, at which time Orscheln Bros. Truck Line, Inc., and Hannibal-Quincy Truck Line, Inc., appeared as protestants. On October 22, 1945, the Commission issued its Report and Order granting the application, after which protestants filed their motion for rehearing, which was overruled by the Commissioner. Protestants named prosecuted certiorari on November 27, 1945. The Commission's return to the writ was filed December 27, 1945. On March 15, 1946, the cause was argued before the Circuit Court and taken under advisement. On April 20, 1946, the Circuit Court entered its judgment affirming the Report and Order of the Commission. No appeal was taken, so on June 30, 1946, the findings of the Commission stood as final.

STATE EX REL F. H. SCOFIELD d/b/a SCOFIELD BUS LINE, RELATOR VS. P.S.C. (Commission Case No. B-9192; Circuit Court No. 10,750)

This case arose on an application filed with the Commission on August 16, 1945 by one Hugh L. Mitchell d/b/a Sunset Stages, seeking a Certificate of Convenience and Necessity authorizing him ~~to operate as a passenger carrying motor carrier over specified~~ routes between Cape Girardeau and Lutesville, Missouri. The case was heard on October 5, 1945 at Marble Hill, Missouri, and thereafter on November 27, 1945, the Commission issued its Report and

Order granting the application. At the hearing, Dixie Greyhound Lines, Inc., and F. H. Scofield d/b/a Scofield Bus Lines appeared as protestants. Following the granting of the application, Scofield filed a motion for rehearing on December 6, 1945. On January 8, 1946, the Commission overruled this motion. Thereafter, on February 5, 1946, Scofield applied to the Circuit Court of Cole County for a Writ of Review. The Commission made its return to this writ on March 6, 1946; thereafter, on April 29, 1946, the cause was argued before the Circuit Court and taken under advisement where it was being held as of June 30, 1946.

STATE EX REL DIXIE GREYHOUND LINES, INC. AND MO-PACIFIC TRANSPORTATION COMPANY VS. P.S.C. (Leadbelt Case) (Commission Case No. B-9272, Circuit Court No. 10,819)

This case arose out of an application filed with the Commission on November 13, 1945, by Leadbelt Transit Lines, Inc., seeking authority to operate as a passenger carrying motor carrier in the vicinity of Farmington, Leadbelt and Bonne Terre, Missouri. The Commission heard the case on January 4, 1946 at which time Dixie Greyhound Lines, Inc., Mo-Pacific Transportation Company, and others appeared as protestants. On February 7, 1946, the Commission issued its Report and Order granting the application. On February 15, 1946, the Dixie Greyhound Lines, Inc. and Mo-Pacific Transportation Company, as protestants, joined in a motion for rehearing and on February 16, 1946, St. Francois County Bus Lines, Inc., as a protestant, also filed a motion for rehearing. The Commission overruled these motions on February 25, 1946. On March 19, 1946, Dixie Greyhound Lines, Inc. and Mo-Pacific Transportation Company obtained from the Circuit Court of Cole County a Writ of Review to which the Commission made its return on May 8, 1946. On May 29, 1946, the cause was argued before the Circuit Court of Cole County and taken under advise-

ment by that court, where it was being held under date of June 30, 1946.

STATE EX REL ST. FRANCOIS CO. BUS LINES, INC., VS. P.S.C. (Commission Case No. B-9276, Circuit Court No. 10,821)

This case arose upon an application filed with the Commission on November 15, 1945, by St. Francois County Bus Lines, Inc., seeking authority to operate as a passenger carrying motor carrier in the vicinity of Leadbelt, Farmington and Bonne Terre, covering the same territory mentioned in the case reported immediately above. The case was heard by the Commission on January 3, 1946 and at the hearing there appeared as protestants the Dixie Greyhound Lines, Inc., Mo-Pacific Railroad Company, Mo-Pacific Transportation Company and Leadbelt Transit Lines, Inc. On February 8, 1946; the Commission issued its Report and Order denying the application. On February 15, 1946, applicant filed its motion for rehearing, which motion was overruled on February 25, 1946. On March 21, 1946, applicant obtained from the Circuit Court of Cole County a Writ of Review. The Commission's return to this writ was made on April 22, 1946. The cause was argued before the Circuit Court on May 29, 1946 and taken under advisement where it was being held as of June 30, 1946.

STATE EX REL D. A RICE d/b/a DONIPHAN TELEPHONE CO., VS P.S.C. AND SOUTHWESTERN BELL TELEPHONE CO., A CORPORATION (Commission Case No. 10,076; Circuit Court No. 10,843)

This case arose out of an investigation made by the Commission upon receipt of information that a controversy existed between Southwestern Bell Telephone Company and one D. A. Rice, d/b/a Doniphan Telephone Company over the division of tolls collected by said D. A. Rice. The Commission issued its investigation order under date of June 26, 1941. After considerable investigation and several conferences with the parties involved, the cause was finally set for hear-

ing on March 19, 1945. The hearing consumed several days. It was finally completed on April 20, 1945. On January 29, 1946 the Commission issued its Report and Order requiring that Southwestern Bell Telephone Company continue its toll connection with the Doniphan Telephone Company, and that the tolls be divided according to the standard traffic agreement of Southwestern Bell Telephone Company. On February 26, 1946, said D. A. Rice filed his motion for rehearing. On March 20, 1946, the motion for rehearing was overruled. On April 15, 1946, said D. A. Rice obtained from the Circuit Court of Cole County a Writ of Review, the Commission's return to which was made on May 28, 1946. On June 26, 1946, the cause was argued before the Circuit Court and taken under advisement where it was being held as of June 30, 1946.

#### Kansas City Court of Appeals

STATE EX REL FEDERAL RESERVE BANK OF KANSAS CITY VS. P.S.C. (Commission Case No. 10,028; Circuit Court No. 10,303; K.C.C.A. No. 20,665)

This case originated before the Commission because of a controversy over rates between the Federal Reserve Bank of Kansas City and the Kansas City Power & Light Company. The previous annual report shows that the case was taken to the Circuit Court of Cole County upon review where the findings of the Commission were affirmed. The bank appealed from this judgment and at the time of the last annual report, under date of November 30, 1945, the case had been submitted to the Kansas City Court of Appeals but not yet decided. On December 13, 1945, the Kansas City Court of Appeals handed down its opinion affirming the judgment of the Circuit Court of Cole County.

#### Springfield Court of Appeals

PUBLIC SERVICE COMMISSION OF MISSOURI VS. MISSOURI PACIFIC RAILROAD COMPANY AND GUY A. THOMPSON, TRUSTEE. (Commission Case No. 10,377;

Circuit Court Nos. 10,206 and 1785; Springfield Court of Appeals No. 6595)

The previous annual report fully related the origin and character of this case and showed that it had been appealed to the Springfield Court of Appeals by the Public Service Commission but had not yet been submitted to the court at the time of the report. The appeal was perfected in due course and the Commission, as appellant, submitted its statement, brief and argument and the cause was argued on March 4, 1946. On April 22, 1946, the Court of Appeals handed down its opinion affirming the judgment of the Circuit Court, the opinion holding that Section 5212, R. S. Mo. 1939, which prohibits the placing of a baggage car in the rear of passenger cars when making up a railroad train, was repealed by implication by the Public Service Commission laws. Following this decision, the Commission Counsel filed a motion for rehearing and, in the alternative, a motion to transfer to the Supreme Court. This motion was filed May 7, 1946, and was overruled by the Court on May 13, 1946. On June 11, 1946, the Commission Counsel filed in the Supreme Court an application for an order of that court requiring that this cause be transferred to the Supreme Court for review, and as of June 30, 1946, this application had not yet been passed upon by the Supreme Court.

United States Circuit Court of Appeals for the Tenth Judicial Circuit

IN THE MATTER OF CITIES SERVICE GAS CO., (F.P.C. Docket No. G-141; Court of Appeals No. 2813)

This was a rate proceeding under the Federal Natural Gas Act involving the reasonableness of the interstate wholesale natural gas rates of Cities Service Gas Company, the source of supply for the Kansas City Gas Company, The Gas Service Company and other distributors of natural gas in the State of Missouri. In May, 1939,

the Public Service Commission of Missouri filed a complaint with the Federal Power Commission under the then recently enacted Federal Natural Gas Act. In July, 1939, an order to show cause why its rates should not be reduced was directed by the Federal Power Commission to the company and on October 20, 1939, the Federal Power Commission, on its own motion, initiated a rate investigation as prayed for by the Missouri Public Service Commission. Thereafter the staff of the Federal Power Commission had made an investigation of the properties, revenues, expenses, etc., of the Cities Service Gas Company. Hearings were begun before a Trial Examiner of the Federal Power Commission on November 30, 1942, at Kansas City, Missouri, and continued thereafter from time to time through 41 days until February 2, 1943. The Public Service Commission of Missouri participated as an intervenor. The Counsel's office was represented at the hearing before the Trial Examiner. On July 28, 1943, the Federal Power Commission issued an opinion holding that the rates charged by the company for natural gas sold in interstate commerce for resale were unjust, unreasonable, unlawful and violative of the provisions of the Natural Gas Act and that there should be an immediate reduction of at least \$4,445,871 in the revenues of the company from such sales below those in effect during the year 1941. Since this order was issued the company has prosecuted an appeal to the United States Circuit Court of Appeals for the Tenth Circuit. The Counsel joined with the attorneys for the Federal Power Commission and other interested parties in obtaining an order from the Circuit Court of Appeals impounding the difference between the reduction ordered by the Federal Power Commission and the rates then being charged by the gas company and such order of impoundment was made. Counsel also joined with counsel for the

Federal Power Commission and other interested parties on a brief filed in the Circuit Court of Appeals and in the argument of the case in that court at Denver, Colorado, on September 2, 1945. On April 30, 1946, the Court of Appeals handed down its opinion affirming the order of the Federal Power Commission. Following this, the gas company filed a motion for rehearing which motion had not yet been passed upon as of June 30, 1946.

United States Circuit Court of Appeals for the Eighth Judicial Circuit  
PANHANDLE EASTERN PIPELINE CO., A CORPORATION, ET AL VS. FEDERAL  
POWER COMMISSION, ET AL (U. S. Circuit Court Case No. 12,466)

On September 23, 1942, the Federal Power Commission issued an order requiring a reduction in the rates charged for natural gas sold by Panhandle Eastern Pipeline Company to distributing companies. This order of the Federal Power Commission was then taken before the Eighth Circuit Court of Appeals for review, and on December 7, 1942, that court entered an order staying the order of the Federal Power Commission and impounding the difference between the old rates of Panhandle and the amount of the ordered reduction until such time as the order of the Federal Power Commission should be finally affirmed or set aside. On June 6, 1944, the Circuit Court of Appeals affirmed the order of the Federal Power Commission and after unsuccessful motion for rehearing, Panhandle petitioned the Supreme Court of the United States for certiorari which was granted. On April 2, 1945, the Supreme Court affirmed the judgment of the Circuit Court of Appeals. During the impoundment period a fund of approximately \$25,000,000.00 was accumulated for distribution to the ultimate consumers of natural gas purchased from Panhandle Eastern Pipeline Company by the various distributing companies throughout Kansas, Missouri, Illinois, Indiana, Ohio and Michigan.

Under date of December 11, 1945, the United States of America filed in the Circuit Court of Appeals a petition for an order of

the court directed to all of the distributing companies who were customers of the Panhandle Eastern Pipeline Company during the impoundment period, to show cause at a session of the court to be held at the United States Courthouse in Kansas City, Missouri, on December 28, 1945, why the impounded money should or should not be paid to the distributing companies or to their customers and whether or not same should be subject to claims for taxes by the United States of America.

The court held a hearing in accordance with this order and the various distributing companies involved either filed claims for their portions of the impounded funds or filed a disclaimer. The General Counsel attended this hearing in the interest of the consumers of natural gas in Missouri whose supply came from the Panhandle Eastern Pipeline Company. A further hearing was held in Kansas City in March, 1946, and thereafter the court appointed a Special Master to hear all contested claims and to work with the state commissions in determining upon a plan for distribution of the refund in each state. As of June 30, 1946, after numerous conferences with the custodian of the fund and other interested parties, a plan for distribution in the State of Missouri was being worked upon.

#### Interstate Commerce Commission

IN THE MATTER OF THE INVESTIGATION OF RAILROAD FREIGHT RATES UPON WOOL AND MOHAIR, (I.C.C. Docket No. 28863)

This was an investigation instituted by the Interstate Commerce Commission concerning the justness and reasonableness of the rates charged by railroads for shipments of wool and mohair. Various hearings were held in this case throughout the United States, and the State of Missouri being a large producer of wool and large quantities

being shipped out of Kansas City and St. Louis, as well as other points in the state, the Public Service Commission participated in this case in the interest of both the producers and shippers in this state. Some evidence and exhibits were prepared by the Rate Department and also a witness, who was an officer of a large co-operative shipper in Kansas City, was obtained. On February 13, 1946, while a hearing on this matter was being held in Chicago, Counsel appeared with the witness and evidence that had been prepared, and presented the evidence on behalf of the producers and shippers in the State of Missouri, the evidence tending to show that the rates being charged on the shipments of wool and mohair were too high. As of June 30, 1946, the investigation had not been completed and further hearings are to be held.

#### Federal Power Commission

IN THE MATTER OF MICHIGAN-WISCONSIN PIPELINE COMPANY (F.P.C.Docket No. C-669)

This case arose upon application by the above-named company to the Federal Power Commission for a Certificate of Public Convenience and Necessity to construct a natural gas pipeline from the Hugeton gas field in Oklahoma and Texas to the Detroit, Michigan, area. The proposed line was to pass through three counties in the extreme northwest corner of Missouri. The Counsel filed an intervening petition in the case on behalf of the Public Service Commission, the purpose being to seek a change in the route of the proposed pipeline so they could serve additional cities and towns in the northern part of Missouri which do not now have natural gas. Evidence and exhibits were prepared by the Engineering Department, and in January, 1946, the Counsel appeared at the opening of the hearing in Washington, D. C., and made an opening statement. The hearing

was adjourned and set later in Detroit, Michigan, on April 10, 1946, at which time Counsel appeared and presented the evidence on behalf of the state of Missouri. As of June 30, 1946, the Federal Power Commission had not decided the case.

**MISSISSIPPI RIVER FUEL CORPORATION (F.P.C. Docket G-642)**

The last annual report shows that as of November 30, 1945, the Federal Power Commission had issued its order requiring the above-named company to reduce its rates charged for natural gas sold for resale by an amount of \$945,613.00 annually, based on its sales during the year 1943. This company is the pipeline that supplies natural gas to the city of St. Louis and its metropolitan area. Following this reduction order the corporation moved for a rehearing which was denied. Thereupon the corporation took an appeal to the United States Circuit Court of Appeals for the District of Columbia. The Counsel joined with the counsel for the Federal Power Commission and other interested parties in a brief in that court, where the cause was pending as of June 30, 1946.

There have been several other cases before the Federal Power Commission in which Counsel has appeared, particularly in the matter of the Mississippi River Fuel Corporation, F.P.C. Docket No. G-713, in the matter of Panhandle Eastern Pipeline Company, F.P.C. Docket Nos. G-706 and G-755, in the matter of Cities Service Gas Company, F. P. C. Docket Nos. G-729 and G-757. All of these cases have been applications for Certificates of Public Convenience and Necessity to expand and enlarge facilities of pipeline companies serving natural gas distributing companies in the State of Missouri. In all of these cases, Counsel and the Commission have directed their efforts toward bringing more natural gas to the people of Missouri.

## ACCOUNTING AND STATISTICAL DEPARTMENT

The Accounting and Statistical Department of the Commission assists the Commission in matters regarding valuations, rates, security issues, reorganizations and property acquisitions. It is represented and presents evidence at hearings in which these matters are involved and it also conducts audits and investigations of various public utilities in order to develop and present information which will enable the Commission to be fully informed of the actual conditions when passing upon a case involving any of the matters previously mentioned.

One of the most important duties of the department is the supervision of accounting of all the utilities which are subject to the jurisdiction of the Commission.

From time to time in the past the Commission has issued uniform systems of accounts and has ordered that the various utilities keep their accounts accordingly. There are at present fourteen uniform systems of accounts in effect for the various classes of utilities and the various types of accounting make it necessary that we have many different types of annual reports in order that the necessary information may be available in our records. The routine work of supervision of the accounting requirements and the correspondence and conferences in connection with such supervision consumes a great deal of time of the department but this routine supervision is an important preliminary to cases involving rate investigations, security issues and property sales which are constantly before the Commission.

An important part of the accounting requirements of the Commission is that pertaining to Bus and Truck operations and to small telephone companies. This class of operation is generally performed

by relatively small organizations which are unable to maintain accounting personnel and as a result the accounting is badly done and much additional work is required of the accounting staff in order to obtain information for the Commission.

The statutes require that when accounting or engineering personnel of the Commission is assigned to an examination of a utility the cost of such examination shall be billed against the utility. As the bus and truck and small telephone operations are generally conducted by small owners the burden of cost for an examination is very heavy. For this reason and to avoid placing an undue burden upon operations which are already close to deficits in income we have had to forego many examinations which should be made and which would be beneficial to the companies and to the public. We hope this condition will be remedied in the near future. At present, companies which are probably entitled to rate increases and which are unable to render proper service under present schedules have such fragmentary records that they are unable to present information to the Commission which will justify a rate increase.

The department receives annual reports which are filed by each utility operating in the State. There are about twenty different types of these reports. The reports are analyzed and become a part of the permanent records of the Commission and are open to inspection by any interested party. This department is also charged with the responsibility for control of the expenditures for the Commission for the purpose of obtaining a strict compliance with the appropriations and budgetary requirements.

Conferences are held with representatives of utilities and with other state and federal Commissions as well as with representatives of investment firms concerning correct accounting procedure

and recommendations for the creation of proper corporate structures and for the purpose of obtaining adequate information regarding values underlying securities to be issued and prices to be paid in connection with the sales and acquisition of utility properties. During the fiscal year the Commission has attempted in every manner to meet the requirements of efficient regulation and has attempted to maintain trained accounting personnel familiar with regulatory procedure. Other regulatory agencies have induced some of the staff to resign and accept employment with them for substantial increases in compensation. As a result the personnel of the department was held during the fiscal year at a level much below that ordinarily maintained and at June 30, 1946, consisted of a Chief Accountant, twelve accountants and two clerks.

#### AUDITS AND SPECIAL STUDIES

During the fiscal year the field work in connection with the audit and valuation case of the Kansas City Power and Light Company was completed and the final report was being prepared for filing the early part of the new fiscal year. This report will indicate excess earnings of approximately \$2,000,000 per year. Audits to determine the original cost of the utility property in service and the justness and reasonableness of rates charged to the public for utilities service were in progress during the fiscal year for the following companies:

Missouri Edison Company  
Maryville Light and Power Company  
Gasconade Power Company  
~~Missouri Gas and Electric Service Company~~

While the field work in connection with some of these cases was completed by June 30, 1946, accounting and other staff reports had not been filed with the Commission and the cases had not been set for hearing.

In addition the department obtained for the Commission additional information and data in connection with the rate and valuation cases involving The Gas Service Company and Kansas City Gas Company, which cases had not at June 30, 1946, been set for hearing.

Also the department was engaged in an original cost study and a rate and valuation case of the Union Electric Company of Missouri which is the largest operating electric utility in the State. The department's report in connection with this study will be filed sometime during the following fiscal year. The original cost determination in this case is being made as a joint operation with the Federal Power Commission.

Other studies were made throughout the period in connection with the problems which arose and which required more information than was available in the offices of the Commission.

#### ANNUAL REPORTS

Approximately 2,000 Electric, Gas, Water, Heating, Telephone, Telegraph, Street Railways, Railroads, Sleeping Car, Express and Bus and Truck Companies file annual reports with the department covering their financial and operating results for each calendar year. These reports are carefully checked and analyzed by the department and are a source of useful information in determining rates of return, earnings and other statistics and for data sought by security holders, investment bankers, municipal and county officers and other interested public utilities and individuals.

As a result of the analysis of these annual reports information was developed and submitted to the Commission which resulted in substantial refunds to consumers and in rate reductions to various classes of utility customers which might otherwise not have been obtained.

At the close of the fiscal year conferences were being held with several utilities for the purpose of obtaining rate reductions which preliminary accounting studies had indicated were necessary. Since the close of the period two of the utilities involved have made rate reductions amounting to more than \$2,200,000 annually. The other two are still pending.

During the year the department made numerous studies and held many conferences with various gas utilities which had received reductions in the wholesale price of natural gas purchased from pipeline companies for resale. As a result of these studies and conferences six gas distributing companies agreed to make refunds to consumers and made rate reductions which were calculated to pass on to the public the saving which had resulted from the wholesale rate reduction. The amount which is to be refunded to customers in Missouri will be approximately \$915,000 and the rate reductions which were made amounted to approximately \$300,000 annually.

#### BUDGET AND APPROPRIATIONS

The Accounting and Statistical Department prepares the budget request for each fiscal year and maintains current records of the expenditures from the various appropriations and the status of each and periodically reports this information to the Commission. All expenditures for the Commission are first referred to this department for the purpose of determining whether the expenditures contemplated can be made within the budget appropriation.

#### FEES

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Fees collected during the fiscal year, exclusive of those collected by the Bus and Truck Department, were as follows:

Audits and Appraisals	\$74,005.15
Authority Fees	8,384.00
Miscellaneous	<u>3,873.88</u>
	86,263.03

### SECURITY ISSUES

The amount of security issues authorized during the fiscal year was \$150,978,856.00. Of this amount \$125,351,556.60 was for the purpose of refunding outstanding securities and \$25,627,299.40 was new money obtained for the acquisition, construction, completion, extension and improvement of the facilities of the various utility companies. This amount of new money represents a sizeable increase over the last fiscal year due to the fact that utilities were again able to make sizeable additions and repairs to their property. The amount of money obtained was curtailed by the inability of many companies to obtain needed construction materials and this latent demand will probably result in many new issues as the material situation eases. Interest rates during the fiscal year were decidedly favorable and many companies took advantage of this situation by refunding outstanding issues at the new and lower interest rates, thereby resulting in substantial savings in interest charges. The following table shows the securities authorized to be issued during the period from July 1, 1945 to June 30, 1946, inclusive:

DATE OF AUTHORITY	CASE NUMBER	NAME OF COMPANY	KIND OF SECURITY	TOTAL VALUE
7-13-45	10,668	KANSAS CITY PUBLIC SERVICE COMPANY	NOTES	200,000.00
7-30-45	10,675	NODAWAY TELEPHONE COMPANY	COMMON STOCK	50,000.00
7-30-45	10,675	NODAWAY TELEPHONE COMPANY	PREFERRED STOCK	35,000.00
7-30-45	10,675	NODAWAY TELEPHONE COMPANY	BONDS	105,000.00
8-28-45	10,682	SPRINGFIELD CITY WATER COMPANY	PREFERRED STOCK	194,000.00
8-28-45	10,682	SPRINGFIELD CITY WATER COMPANY	BONDS	3,400,000.00
8-30-45	10,681	MISSOURI EDISON COMPANY	COMMON STOCK	750,000.00
8-30-45	10,681	MISSOURI EDISON COMPANY	NOTES	1,250,000.00
8-30-45	10,688	SOUTHWESTERN BELL TELEPHONE COMPANY	DEBENTURES	75,000,000.00
9-13-45	10,686	RAYTOWN WATER COMPANY	NOTES	25,000.00
10-3-45	10,698	UNION ELECTRIC COMPANY OF MISSOURI	BONDS	13,000,000.00
10-3-45	10,698	UNION ELECTRIC COMPANY OF MISSOURI	PREFERRED STOCK	4,000,000.00
11-1-45	10,713	VERONA TELEPHONE EXCHANGE	NOTES	9,000.00
8-22-45	10,600	GENEVIEVE ELECTRIC COOPERATIVE	NOTES	1,006,000.00
8-22-45	10,600	GENEVIEVE ELECTRIC COOPERATIVE	COMMON STOCK	18,540.00
8-22-45	10,600	INTER-COUNTY ELECTRIC COOPERATIVE	NOTES	87,000.00
8-22-45	10,600	INTER-COUNTY ELECTRIC COOPERATIVE	COMMON STOCK	2,216.00
11-30-45	10,719	FARMERS TELEPHONE COMPANY OF SULLIVAN COUNTY	NOTES	20,000.00
12-29-45	10,737	ARKANSAS-MISSOURI POWER CORPORATION	COMMON STOCK	664,600.00
3-14-46	10,760	KANSAS CITY PUBLIC SERVICE COMPANY	NOTES	800,000.00
3-28-46	10,747	MISSOURI GAS & ELECTRIC SERVICE COMPANY	BONDS	1,200,000.00
3-28-46	10,746	MISSOURI PUBLIC SERVICE CORPORATION	BONDS	5,100,000.00
3-29-46	10,616	ST. JOSEPH LIGHT AND POWER COMPANY	BONDS	3,750,000.00
4-20-46	10,788	WACO TELEPHONE EXCHANGE	NOTES	5,000.00
4-20-46	10,768	FAIRVIEW TELEPHONE EXCHANGE	NOTES	2,500.00
4-19-46	10,795	UNION ELECTRIC COMPANY OF MISSOURI	PREFERRED STOCK	13,000,000.00
4-24-46	10,804	ST. LOUIS PUBLIC SERVICE COMPANY	BONDS	10,000,000.00
5-7-46	10,809	MISSOURI POWER & LIGHT COMPANY	BONDS	7,500,000.00
5-7-46	10,809	MISSOURI POWER & LIGHT COMPANY	PREFERRED STOCK	4,000,000.00
5-7-46	10,809	MISSOURI POWER & LIGHT COMPANY	COMMON STOCK	3,300,000.00
5-22-46	10,812	EMPIRE DISTRICT ELECTRIC COMPANY	BONDS	2,000,000.00
6-6-46	10,732	GOLDEN CITY TELEPHONE COMPANY	NOTES	5,000.00
6-24-46	10,837	ARKANSAS-MISSOURI POWER CORPORATION	BONDS	500,000.00

## RECAPITULATION

Notes	\$2,159,500.00
Bonds	47,805,000.00
Debentures	75,000,000.00
Preferred Stock	21,229,000.00
Common Stock	4,785,356.00
	<u>\$150,978,856.00</u>

The Commission has continued its policy of careful scrutiny of all proposed security issues with the view of improvement in corporate structures and in the margin of safety to investors. That this policy has been amply justified is shown by the good credit rating and financial condition of the Missouri utilities.

## STANDARDIZATION AND COOPERATION

Efforts to adopt standard procedure for operating utilities have continued and the department cooperates with the Accounting Committee of the National Association of Railroad and Utilities Commissioners, of which the Chief Accountant is a member.

This Committee holds conferences and maintains contact by correspondence with all important regulatory bodies as well as with the utilities and devotes its efforts to the standardization of procedure in connection with the numerous accounting problems which arise. Accounting matters which involve utilities subject to the jurisdiction of more than one regulatory body have been discussed and solutions arrived at in conferences with the other regulatory bodies.

## MISCELLANEOUS SERVICE

In addition to the previously outlined duties, the department is constantly called upon for assistance and information by the general public and when not in conflict with the Commission's policy such assistance and information is gladly rendered. The department works in close cooperation with the other departments of the Commission

and many of the good results which have been achieved have been the result of cooperation and assistance from these departments.

As previously stated the operations of the department during the fiscal year were curtailed and efforts confined to more important specific problems because of the reduced personnel. Plans for improvement in accounting procedure in connection with regulation have been studied and outlined and as soon as conditions permit, changes in such procedure will be made which should result in great benefit to both the utilities and to the general public. Careful study has also been given to the problems of smaller utilities with a view of simplifying accounting and reporting requirements so that they may be more easily compiled, with no impairment in the value of information contained. This problem was discussed in another portion of the report and as there stated it is hoped that conditions which have made it impossible to carry out plans for simplification of requirements from small companies will be changed so that the department will be able to put its new methods in effect.

#### ENGINEERING DEPARTMENT

The personnel of the Engineering Department now consists of a field force of six men. The office force is now comprised of the Chief Engineer, Assistant Chief Engineer, and two clerks.

#### VALUATION OF PUBLIC UTILITIES

During the period covered by this report the Department has filed its Appraisal report on the Kansas City Gas Company and the Gas Service Company (33 Distribution Systems). The Department's field force has been engaged in making an Original Cost Study of the St. Louis County Water Company and will file its findings with the Commission during the coming fiscal year. In addition to the above reports, the Department made Special Studies of the Missouri

Edison Company and the Kansas City Power and Light Company.

Investigations relating to proceedings before the Commission were started on the Maryville Electric Light and Power Company of Missouri and the Union Electric Company of Missouri. The Department now has pending investigations of the Gasconade Power Company, the Missouri Gas and Electric Service Company, Missouri Public Service Corporation, the Andrew County Mutual Telephone Company, the Clinton County Telephone Company, the Middle States Utilities Company and the Empire District Electric Company.

In addition to the work of the field force, a considerable portion of the time of the Department's general office staff in Jefferson City is employed in supervisory and administrative work relating to the valuation duties of the department.

#### RAILWAY SERVICE AND SAFETY

This division of the Department's work includes the following duties:

1. Inspection of steam and electric railway properties.
2. Investigation to determine the necessity and safety of switch and side track connections.
3. All matters relating to the service offered by railroad companies at their stations.
4. Studies relating to street-railway traffic and services.
5. Investigations relative to applications for certificates of convenience and necessity as filed by steam and electric railroads.
6. Supervision of steam and electric railway clearances.
7. Supervision of steam and electric railway crossings, signal systems, and interlocking plants.

8. Investigation of accidents on steam and electric railways.
9. Drainage investigations.

The following tabulation shows the Commission's disposition of seventy formal cases in this field which have come before this department for examination.

#### RAILWAY SERVICE

Discontinuance of Agency (granted).....	4
Install caretaker.....	4
Discontinuance of caretaker.....	1
Construct Spur or switch tracks.....	18
Railroad stations abandoned.....	1

#### RAILWAY SAFETY

Reduced horizontal clearances.....	9
Reduced vertical clearances.....	11
Reduced vertical clearances (denied).....	1
Interlocking plans approved.....	1
Signal changes approved.....	12

#### RAILROAD CROSSING

Protected grade crossing.....	7
Unprotected grade crossings.....	24
Grade Crossings closed.....	4
Grade Separations.....	7
Grade Separations abolished.....	1

Of the unprotected grade crossings listed only six are in fact new crossings of highways or streets extended across railroad tracks. There was one grade crossing created by railway tracks passing across other railway tracks. Seventeen grade crossings were caused by the extension of existing spur tracks or new track construction. Of the seventeen crossings thus mentioned only 13

are new grade crossings; the remaining 4 grade crossings are in fact existing crossings the number of tracks of which have been increased.

Structures are now being built on an increased rate due to the fact that critical shortages of construction materials has been relieved to a point where at least the most essential structures can be constructed. Several structures that were held up by the war are now under construction and the number of underpasses and overhead crossings are gradually increasing. Although construction work is still limited, we expect through the maintenance of our records to be in a position to make recommendations regarding grade separations and grade crossing protection as the gradual flow of materials reaches a normal stage.

The Commission's rules require that railways operating in Missouri submit reports concerning all accidents to its trains and train employees. In accordance with our uniform practices these reports are examined regularly by the members of the Department and studied from standpoint of making recommendations designed to reduce the number of accidents. The department has continued its practice of requiring that all railroads submit interlocking reports at regular intervals of three months.

In the following table we have tabulated the results of all accidents occurring on the steam and electric railroads of the State.

	STEAM		ELECTRIC		TOTAL	
	<u>KILLED</u>	<u>INJURED</u>	<u>KILLED</u>	<u>INJURED</u>	<u>KILLED</u>	<u>INJURED</u>
PASSENGERS	0	176	0	81	0	257
EMPLOYEES	37	780	0	10	37	791
TRESPASSERS	39	51	0	0	39	51
NON-TRESPASSERS	90	97	5	33	95	130
TOTALS	166	1105	5	124	171	1229

The magnitude of the casualties due to accident on the railroads is alarming and the department is constantly studying ways and means to reduce their numbers. Members of the department make field investigations of hazardous and unsatisfactory working conditions. Corrective measures in the interest of improving conditions are frequently handled informally with the railroad at the time of inspection thereby numerous hazards are eliminated in addition to those which have become formal cases before the Commission.

#### GENERAL

In connection with all the foregoing, it is the practice of the department to have a staff member present at all Commission hearings in which the department is interested. The department furnishes engineering testimony in valuation cases and serves the Commission in consulting and advisory capacities, supplying technical information concerning engineering, valuation, and related problems.

The work of the department also covers:

(a) The keeping of an accurate official record of the rates charged by all privately owned utilities furnishing gas, electric, telephone, telegraph, steam heating and water service in this state.

(b) Attention to correspondence and verbal requests for information on matters pertaining to the rates charge and service furnished by gas, electric, telephone, telegraph, steam heating and water utilities.

(c) Adjustment of correspondence complaints involving gas, electric, telephone, telegraph, steam heating or water service.

(d) The filing of the schedules of rates, rules and regulations of gas, electric, telephone, telegraph, steam heating and water utilities, and keeping of a record showing the increase or

decrease in the annual gross revenue that will result from the application of the new schedules.

(e) General inspection of equipment and test of service meters.

(f) General supervision of the quality of equipment of gas, electric, telephone, telegraph, steam heating and water utilities insofar as the public interest, public health and safety of the public and employees are concerned.

(g) Making studies and surveys of the conditions surrounding the extension of electric lines in order that service may be extended to rural areas throughout the state. This work has required particular attention concerning the type of line that may be adequate for rendering the service but at the same time encourage the construction by the use of that type of line that can be constructed at the lowest cost.

The securing of sufficient material and supplies to provide adequate telephone service continues to be almost as severe a problem as existed through the war. The personnel of the utilities generally continues to be at a reduced number thereby continuing to delay the installation of service for prospective customers. The supplying of manufactured material and the securing of labor for repairing and rebuilding systems for present customers as well as enlarging the systems for new customers also continues. It has been found necessary to continue control of the installations of telephones in the large areas. It is our understanding that there are still on the waiting list of the various telephone systems throughout the state, some sixty thousand prospective customers who desire service and who must wait until the plant capacities can be enlarged sufficiently to render the service.

It has been found necessary to allow increases in rates in

many of the smaller telephone exchanges in order to enable those companies to retain or employ operators for the handling of the service. Operators' wages have continued to be increased, which has resulted in the necessity of allowing increases in rates to meet the competitive wages in other fields.

The rates for other classes of utilities, water, gas and electric, have continued downward. Many reductions have been made in those rates. Reduced gas rates have resulted from reduced gate rates following investigations by the Federal Power Commission in the operations of some of the larger natural gas pipe lines operating in Missouri as interstate companies. Electric rates have continued to reduce due to the continued increase in sales enjoyed by the various electric utilities, to re-organization and sales of properties, to continued economies made by the utilities and to investigations made in the earnings of the various utilities and the rate base on which they have been allowed to earn.

#### TRANSPORTATION RATE DEPARTMENT

This department has supervision of the Commission's administration of the law, and rules and regulations promulgated thereunder, pertaining to transportation rates, fares and charges of steam and electric railways, motor carriers, contract haulers, street transportation systems and express, freight forwarding and sleeping car companies under the Commission's jurisdiction. It also serves as the Commission's agency for ascertaining the measure of service afforded the public by those transportation agencies.

The personnel of the department consists of the chief of the department, three rate experts and one stenographer-clerk.

During the period covered by this report the department received

for filing, approximately 5500 tariffs and supplements containing intrastate rates, rules and regulations of transportation agencies doing an intrastate business in **Missouri**. Each of these publications is carefully scrutinized to determine whether it conforms to the Commission's prescribed rules of publication as to form, and to determine the reasonableness of its contents. The department initiates and maintains a heavy volume of correspondence with individual carriers seeking voluntary correction of objectionable features in tariff publications. Schedules containing flagrant violations of the Commission's rules and regulations are rejected and those containing fares, rates, charges or provisions which appear to be unreasonable or injurious to the public, are suspended from becoming effective and the matter is assigned for investigation by the Commission to determine the propriety thereof.

During the period covered by this report the department received and disposed of nearly two hundred applications of carriers seeking authority to establish rates, rules and regulations upon less than statutory notice, due to emergency situations, or seeking temporary relief from certain provisions of the Commission's tariff rules. In the same period the department issued fifty tariff rejection orders and approximately seventy-five miscellaneous orders of suspension and reinstatement.

In addition to the maintenance of the official file of all tariffs naming Missouri intrastate rates, the department maintains an extensive file of interstate tariffs of the different transportation agencies. These interstate schedules are used by other state governmental departments and by the Commission's rate department for comparative purposes in proceedings before this Commission and the Interstate Commerce Commission involving the reasonableness

and lawfulness of various rates and charges.

The department is represented at all hearings before the Commission involving rates and charges of transportation agencies under the jurisdiction of the Commission. At such hearings the department presents evidence and assists the Commission in developing the full facts necessary to a proper determination of the subject matter under investigation.

It is the duty of the rate department to examine all contracts of contract haulers in order that the Commission may, before authorizing Contract Hauler's Permits, determine that such contracts are lawful from the standpoint of rates and charges to be assessed thereunder.

The department receives and analyzes statistics contained in carriers' reports filed with this Commission and the Interstate Commerce Commission, to keep informed on transportation conditions and trends in Missouri, surrounding states, various rate territories, and the United States as a whole. It prepares statistical data taken from the individual reports of carriers operating in Missouri and exchanges such data with regulatory bodies in other states.

A substantial amount of the department's time is consumed in investigating informal complaints of the public with respect to rates, charges and service being rendered by transportation agencies under the Commission's jurisdiction. Such complaints often require personal investigation by the department and many of these investigations lead to formal proceedings before the Commission. During the period of this report these informal complaints have amounted to several hundred in number, all of which have been given expedited handling and have been satisfied either by correspondence or con-

ference with the party involved.

### INTERSTATE RATE LEVELS

The transportation industry of the United States plays an important part in our national economy. When economic activity is high, the demand for transportation is equally or correspondingly great. When depressions occur, transportation suffers. Following all major wars in the past, the national economy has risen to new high levels and transportation development has not only kept pace with economic and social progress, but has anticipated, stimulated and sustained it. The current post war period should show the same trend. It is anticipated that following the period of readjustment which we are now experiencing, economic activity will rise to relatively new heights. Transportation will share in such a prospective high level, because it contributes such an integral part of the process of production and distribution.

The state of the nation economically, has a direct bearing upon the level of freight rates throughout the country. Rising costs of operation threatens to increase the public's freight bill to the highest level since World War I. That trend commenced during the period covered by this report and while economic prospects for the longer post war period are difficult to appraise, the trend will undoubtedly continue until the nation's demand for consumer goods is satisfied and industry as a whole returns to "competitive" manufacturing and distribution.

ICC DOCKETS 28300 and 28310--GENERAL CLASS RATE INVESTIGATION:-  
In our last annual report we discussed the sweeping rail rate adjustment prescribed by the Interstate Commerce Commission in its report dated May 15, 1945 in Dockets 28300 and 28310. In its orders in these cases, that Commission ordered a uniform rail rate classifica-

tion throughout the United States, and a uniform level of class rates between all points in the country east of the Rocky Mountains. The new rate adjustment was scheduled to become effective January 1, 1946, and would have reduced interstate rates in the territory in which Missouri is located by approximately ten per cent. However, nine northern states and thirty-three western railroads challenged the validity of the Commission's orders and a three-judge federal district court in Utica, New York granted an interlocutory injunction pending disposition of the suit with that court. Subsequent to that action the Utica Federal District Court dismissed the petition of the northern states and western railroads seeking to set aside the Commission's order, but provided for continuance of the interlocutory injunction against enforcement of compliance with the Interstate Commerce Commission's order and further stipulated that if plaintiffs presented an appeal to the United States Supreme Court within sixty days the interlocutory injunction would remain in effect until final disposition of such appeal. On June 10, 1946, the Supreme Court denied a motion of the Interstate Commerce Commission and southern states to temporarily vacate the injunction, pending appeal of the northern states and western railroads, which had been allowed by the Utica Federal District Court. The appeal of the northern states has subsequently been made and the Supreme Court has granted a review in the case.

ICC EX PARTE 162 INCREASED RAILWAY FARES, RATES AND CHARGES:  
On April 15, 1946 all class one railroads in the United States petitioned the Interstate Commerce Commission to increase freight rates and charges in the amount of twenty-five per cent, with certain exceptions, and to continue in effect without expiration date, the temporary increase of ten per cent in basic passenger

fares authorized in Ex Parte 148 and scheduled to expire six months after the legal termination of the war. The railroads insisted that their needs for a higher level of freight rates had become imperative and that their situation was critical as the result of an extraordinary combination of war and post war conditions with which they were confronted. The carriers stressed particularly the results of increases in wages of rail employees and large increases in the price of railway materials and supplies together with a sharp decline in railway revenue. On June 20, 1946 the Interstate Commerce Commission handed down its decision in the above entitled case, in which it found that the full amount of increases proposed had not been shown to be just and reasonable as an emergency measure. They further found that the request of petitioning rail carriers for continuing in effect without expiration date, the increases in rail passenger fares authorized in Ex Parte 148, should not be granted pending a full hearing. The Commission did find, however, that by reason of increases in carriers' operating costs, some increases in their freight rates were justified, but solely as a temporary measure pending further hearing and determination of the issues in Ex Parte 162. As a result of these findings that Commission authorized a general increase of six per cent on all commodities except agricultural products and a few heavy moving commodities, upon which they granted increases of approximately three per cent. The increased interstate rates became effective July 1, 1946 and the Commission immediately assigned the matter for full hearing at strategic locations throughout the United States. The rate department attended one of such hearings and is cooperating with the National Association of Railroad and Utilities Commissioners in an effort to

insure full proof by the rail carriers of their needs for further increases.

ICC DOCKET 28863--WOOL AND MOHAIR RATES: There has been for some time a general complaint throughout the United States with respect to the rates on wool in carload lots. The principal movement of wool from all points of origin in the United States is to Boston, Massachusetts and other eastern manufacturing points. The Interstate Commerce Commission recognized the general dissatisfaction existing among producers of wool with reference to wool rates and at the insistence of the United States Department of Agriculture, ordered a general investigation of wool rates between all points in the United States. Missouri ranks fourteenth among the states in the production of wool. The average clip during the last ten years has amounted to approximately ten million pounds per year. Our wool producers were vitally interested in this case and the rate department spent a great amount of time and effort in obtaining data to present to the Interstate Commerce Commission in our plea for a reduction in rates to the east. The department prepared and presented at hearings before the Interstate Commerce Commission voluminous exhibits and testimony designed to convince that body of our dire need for a reduction in rates on this all important farm commodity. The department attended several conferences and contacted a great number of shippers and producers of wool in an effort to assist in every way in presenting a formidable case. All regional hearings in the investigation have been concluded and we now await action by the federal body.

#### INTRASTATE RATE LEVELS

What has been said with respect to interstate rate levels applies with equal force to Missouri's intrastate adjustments.

The level of rates on Missouri intrastate traffic, both rail and motor, was raised slightly over that prevailing during the war years. The so-called reconstruction period, commencing during the latter part of 1945 found both rail and motor carriers in a state of exhaustion and with increasing costs of operation their operating ratios began to evidence a rapid rise.

The motor carriers of Missouri were operating on rates prescribed by this Commission in the years 1933 and 1935, the only increase in those rates being a lateral increase of six per cent authorized by us in April, 1942. In answer to the Missouri motor carriers pleas for rates that would provide sufficient revenue to cover their cost of operations and produce a reasonable return on carriers' investments, we reopened our general class rate cases, 8351 and 8397, and afforded motor carriers a full hearing on the subject. As a result of this investigation we issued on June 22, 1946 a supplemental report and order in these cases in which we prescribed an entirely new system of class rates together with rules and regulations for application by freight carrying Motor carriers on Missouri intrastate traffic. The rates we prescribed amounted to an average increase of 13.1 per cent on less than truckload, and 5.2 per cent on full truckload shipments, the average increase for both classes of traffic being approximately 9.7 per cent.

On June 27, 1946 we issued our report and order in Case 10821 in which we authorized rail carriers to increase their intrastate rates in the same amount and to the same extent as granted by the Interstate Commerce Commission in Ex Parte 148-162. This action was taken after the filing of a petition by Missouri rail lines on May 10, 1946 seeking the same relief as granted by the

Interstate Commerce Commission in the aforementioned case. These increases were authorized as an interim basis pending final determination of the measure of interstate rates for the future by the Interstate Commerce Commission in Ex Parte 162.

#### STREET RAILWAYS

The street railways in Kansas City and St. Louis continued to enjoy an increased patronage during the period of time covered by this report. Both systems improved their service to the public through the replacement of obsolete equipment with modern motor buses and street cars. Gross operating revenues increased over the previous year in the case of both carriers. Operating costs likewise showed a substantial upward trend due principally to increased payroll outlays, but the rates and fares of these two carriers remain at the pre-war level.

#### RAILROAD ABANDONMENTS

During the period of time covered by this report no rail abandonments have been authorized, however, a few slight changes were made in the mileage of railroads operating in Missouri. The CB&Q Railroad discontinued use of its line in Worth County extending from Grant City to the Missouri-Iowa state line effective December 1, 1945 and the Missouri Pacific Railroad abandoned approximately one and one-half miles of its Bagnell Branch line in Miller County. Both of these abandonments had previously been authorized.

MILEAGE OF CLASS I STEAM RAILROADS AND CITY STREET RAILWAYS OPERATED IN MISSOURI AS  
OF DECEMBER 31, 1945

MILEAGE OF CLASS I RAILROADS IN MISSOURI

	MILES OF ROAD	MILES OF SECOND MAIN TRACKS	MILES OF ALL OTHER MAIN TRACKS	MILES OF PASSING TRACK CROSSOVERS TURNOUTS	MILES OF WAY SWITCH- ING TRACKS	MILES OF YARD SWITCH- ING TRACKS	TOTAL
THE ALTON R. R. Co. . . . .	253.50	20.03	—	43.09	18.71	31.38	366.71
THE ATCHISON, TOPEKA & SANTA FE RY. Co. . . . .	308.95	200.11	15.63	58.97	30.91	40.13	654.70
CHICAGO, BURLINGTON & QUINCY R. R. Co. . . . .	1339.34	129.25	—	104.55	96.08	231.84	1901.06
CHICAGO GREAT WESTERN R. R. Co. . . . .	101.25	3.61	—	14.70	—	—	119.56
CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC R. R. Co. . . . .	153.95	56.38	12.45	41.94	13.36	107.49	385.57
THE CHICAGO, ROCK ISLAND & PACIFIC RY. Co. . . . .	529.49	89.12	10.79	58.20	33.60	99.30	820.50
ILLINOIS TERMINAL R. R. Co. . . . .	2.72	2.52	—	—	—	8.85	14.09
THE KANSAS CITY SOUTHERN RY. Co. . . . .	199.60	10.44	—	36.62	17.50	101.34	365.50
MISSOURI AND ARKANSAS RY. Co. . . . .	69.13	—	—	8.00	.48	5.03	82.64
MISSOURI-ILLINOIS R. R. Co. . . . .	89.04	—	—	6.10	19.79	10.55	125.48
MISSOURI-KANSAS-TEXAS R. R. Co. . . . .	470.22	28.29	—	61.56	39.39	52.06	651.52
MISSOURI PACIFIC R. R. Co. . . . .	1532.33	222.86	1.50	204.79	126.32	433.65	2521.45
ST. LOUIS-SAN FRANCISCO RY. Co. . . . .	1476.10	60.45	—	184.72	111.61	257.45	2090.33
ST. LOUIS SOUTHWESTERN RY. Co. . . . .	220.90	19.11	—	36.27	16.49	35.89	328.66
UNION PACIFIC R. R. Co. . . . .	2.16	1.54	—	5.97	—	19.39	29.06
WABASH RY. Co. . . . .	629.59	83.83	13.38	92.55	74.62	120.30	1014.37
TOTAL . . . . .	7978.27	927.54	53.75	958.13	598.86	1554.65	11471.20

MILEAGE OF CITY STREET RAILWAYS IN MISSOURI

KANSAS CITY PUBLIC SERVICE Co. . . . .	85.98	66.08	—	5.39	—	8.60	166.05
ST. LOUIS PUBLIC SERVICE CO. . . . .	175.99	168.52	—	12.97	—	19.73	377.21
TOTAL . . . . .	261.97	234.60	—	18.36	—	28.33	543.26

**MILEAGE OF SMALL RAILROADS AND SWITCHING AND TERMINAL COMPANIES  
OPERATED IN MISSOURI AS OF DECEMBER 31, 1945**

Miles of Road  
Operated

SMALL ROADS (Steam):

Bevier & Southern R. R. Co. . . . .	15.30
Cassville & Exeter Railway Company. . . . .	4.70
Hannibal Connecting R. R. Co. . . . .	7.22
Kansas City Connecting R. R. Company. . . . .	4.73
Missouri & Illinois Bridge & Belt R. R. Co. . . . .	2.07
Rockport, Langdon & Northern Ry. Company. . . . .	6.18
St. Louis & Troy R. R. Company. . . . .	<u>5.20</u>
Total . . . . .	45.40

SMALL ROADS (Electric):

The Joplin-Pittsburg R. R. Co. . . . .	7.63
St. Francois County R. R. Co. . . . .	<u>9.74</u>
Total . . . . .	17.37

Miles of All  
Tracks

SWITCHING AND TERMINAL COMPANIES:

Hannibal Union Depot Co. . . . .	.81
Joplin Union Depot Co. . . . .	6.60
Kansas City Terminal Ry. Co. . . . .	109.81
Manufacturers Ry. Co. . . . .	23.97
Rock Island-Frisco Terminal Ry. Co. . . . .	2.49
St. Joseph Belt Ry. Co. . . . .	19.04
St. Joseph Terminal R. R. Co. . . . .	12.77
St. Joseph Union Depot Co. . . . .	2.07
Terminal Railroad Association of St. Louis. . . . .	167.07
Union Terminal Ry. Co. . . . .	<u>3.10</u>
Total . . . . .	347.73

## BUS AND TRUCK DEPARTMENT

This department on June 30, 1946, consisted of a Supervisor, Special Investigator, seven district inspectors, nine clerks and stenographers.

The Bus and Truck Department offered and received full cooperation from all State Departments involved with Motor Carrier Transportation. The Missouri State Highway Patrol was of immeasurable assistance in enforcing the Public Service Commission Law, and the rules and regulations thereto, and they should be highly commended for their efficient cooperation. Other departments cooperating were State Treasurer, State Auditor, Secretary of State, State Highway and Revenue Departments.

This Department has been of assistance to the general public and has served the public in an efficient manner. It has been the policy of the Inspection Division to disseminate information beneficial to the shipping and consuming public, as well as to the licensed and certificated carriers by this Commission. The Inspectors of this Department have made every effort possible to inform the operators of motor equipment of the importance and the need of safety upon the Highways of Missouri.

Very few complaints were received in this office the past year on service rendered by motor carriers to the public. All of the operators are complying with the requirements of the Missouri Public Service Commission.

The following tabulations show the revenues from carriers for the twelve month period  
July 1, 1945, to June 30, 1946

Truck License Fees	\$381,407.67
Truck Emergency Fees	\$ 91,928.50
Bus License Fees	\$200,852.21
Bus Emergency Fees	\$ 18,786.00
	<u>\$692,974.38</u>

Registration Credit given from July 1, 1945, to June 30, 1946 inclusive, by the Bus and Truck Department: (The following credits were allowed carriers as provided by law, incident to the purchase of their license plates from the Secretary of State:)

Credit on Bus Fees	- - - - -	\$ 35,038.13
Credit on Truck Fees	- - - - -	<u>112,973.77</u>
Total		148,011.90

RECIPROCITY LICENSE CARDS ISSUED BY BUS AND TRUCK DEPARTMENT

July, 1945	94
August, 1945	98
September, 1945	84
October, 1945	105
November, 1945	250
December, 1945	102
January, 1946	2,240
February, 1946	809
March, 1946	441
April, 1946	427
May, 1946	358
June, 1946	<u>344</u>
Total	5,352

RECIPROCITY TEMPORARY PERMITS---TRUCK

	4 tons	7 tons	9 tons	Over 9 tons	Total
July, 1945	7	3	-	1	11
August, 1945	4	1	1	-	6
September, 1945	5	1	1	-	7
October, 1945	3	2	-	-	5
November, 1945	3	2	-	4	9
December, 1945	-	3	1	-	4
January, 1946	2	5	-	4	11
February, 1946	3	6	-	1	10
March, 1946	1	2	2	1	6
April, 1946	6	3	2	1	12
May, 1946	2	1	1	-	4
June, 1946	1	4	1	4	10
Total	37	33	9	16	95

RECIPROCITY TEMPORARY PERMITS - BUS

	Over 18 Passengers	Total
July, 1945	-	-
August, 1945	-	-
September, 1945	3	3
October, 1945	2	2
November, 1945	3	3
December, 1945	-	-
January, 1946	1	1
February, 1946	1	1
March, 1946	1	1
April, 1946	-	-
May, 1946	4	4
June, 1946	4	4
Total	19	19

CONTRACT HAULERS LICENSE CARDS

July, 1945	31
August, 1945	22
September, 1945	12
October, 1945	82
November, 1945	42
December, 1945	12
January, 1946	537
February, 1946	431
March, 1946	109
April, 1946	81
May, 1946	74
June, 1946	54
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Total	1,487

CONTRACT HAULER RECIPROCITY LICENSE CARDS

July, 1945	3
August, 1945	18
September, 1945	9
October, 1945	9
November, 1945	7
December, 1945	0
January, 1946	363
February, 1946	575
March, 1946	46
April, 1946	43
May, 1946	45
June, 1946	11
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Total	1,129

During the period from July 1, 1945, to June 30, 1946, inclusive, orders relating to motor carriers subject to the Bus and Truck Law were issued, classified as follows:

Extension of authority	78
Additional contracts	7
Denials	19
Dismissals	72
Transfers	118
Joint and through rates	2
Citations	11
Dismissals of Citations	13
Revocations	76
Sustaining Motions	13
Overruling motions	17
Extending effective date	9
Cancelling permits	2
Supplemental orders	6
Suspensions	131
Reinstatements	119
Change of name	3
Discontinuing service	11
Correcting order	7
Temporary permits	93
Filing of time schedules	30
Purchase additional travel orders	41
Order on Motion	26
Permission to partially self-insure	2
New authority	122
Temporary discontinuance of schedules	12
File bond in lieu of insurance	1
TOTAL	<u>1041</u>